

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5408-01
Bill No.: SB 1220
Subject: Health Department; Hospitals; Construction and Building codes
Type: Original
Date: March 14, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	\$146,020	\$179,787	\$184,470
Total Estimated Net Effect on General Revenue Fund	\$146,020	\$179,787	\$184,470

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Missouri Public Health Services Fund	\$182,180	\$226,473	\$225,720
Total Estimated Net Effect on <u>Other</u> State Funds	\$182,180	\$226,473	\$225,720

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Mental Health**, the **Office of State Treasurer**, and the **Department of Social Services** assume this proposal would not fiscally impact their agencies.

Officials from the **Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. SOS is provided with core funding to handle a certain amount of normal activity resulting from each years legislative session. The fiscal impact for Administrative Rules is less than \$1,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Health and Senior Services (DOH)** state there are currently 3 H&I positions (equivalent of 1.5 FTE) performing plan review functions (one engineer consultant and two project specialists). DOH assumes this 1.5 FTE will be switched from its

ASSUMPTION (continued)

current GR funding to fee funding through the Missouri Public Health Services Fund. In addition, DOH plans to hire a full-time engineer consultant in FY 2007 and an additional ½ time project specialist FTE. These two positions will also be funded through fee revenue deposited in the Missouri Public Health Services Fund. This staffing arrangement will help ensure the state has the ability to review plans in a timely fashion. DOH expects the number of plan reviews to continue to grow in upcoming years. Plan approval is not only required, but the plan approval/review process provides a valuable service to industry and promotes safety for consumers.

The proposed fee structure used to arrive at the generated revenue estimated plan reviews for approximately 250 health facilities in FY 2007. This number was based on the average number conducted in FY 2005 and thus far in FY 2006. The average fee charged is estimated at \$1,500 - \$1,600 per facility. DOH expects the number of plan reviews to continue to grow over the upcoming years. Actual fees to be charged would be established by rule.

DOH states when determining annual salary for the project specialist positions, current hourly salary for the 3 existing H&I positions was averaged and multiplied to arrive at a yearly salary.

One-time equipment purchases and expenses were included for the two new staff in the fiscal note. Other expenses were based on the 3 total FTE that would be funded out of fees. Additionally, the timing of when revenue generation would be sufficient to support the program may not occur until several months into the fiscal year because of rule development, etc. If this occurs, the general revenue savings estimated would decrease. Total general revenues savings for FY 2007 were based on nine months rather than 12 months.

Oversight assumes legislation, as written, allows for fees to be collected for architectural plan reviews only which would not require additional staff. Current DOH staff that are funded through General Revenue have been presented in the Missouri Public Health Services Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE			
<u>Savings</u> - Department of Health and Senior Services			
Personal Service (1.5 FTE)	\$80,058	\$98,471	\$100,931
Fringe benefits	\$35,274	\$43,386	\$44,471
Expense and equipment	<u>\$30,688</u>	<u>\$37,930</u>	<u>\$39,068</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$146,020</u>	<u>\$179,787</u>	<u>\$184,470</u>
 MISSOURI PUBLIC HEALTH SERVICES FUND			
<u>Income</u> - Department of Health and Senior Services			
Fees	\$328,200	\$406,260	\$410,190
<u>Costs</u> - Department of Health and Senior Services			
Personal Service (1.5 FTE)	(\$80,058)	(\$98,471)	(\$100,931)
Fringe benefits	(\$35,274)	(\$43,386)	(\$44,471)
Expense and equipment	<u>(\$30,688)</u>	<u>(\$37,930)</u>	<u>(\$39,068)</u>
Total Costs - Department of Health and Senior Services	(\$146,020)	(\$179,787)	(\$184,470)
ESTIMATED NET EFFECT ON MISSOURI PUBLIC HEALTH SERVICES FUND	<u>\$182,180</u>	<u>\$226,473</u>	<u>\$225,720</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2007 (10 Mo.)	 FY 2008	 FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal provides that the Department of Health and Senior Services shall promulgate rules to establish a schedule of fees to be paid by the applicant for the architectural plan review of new construction and alterations to health facilities under Chapters 197 and 198, RSMo. The Department shall have the authority to waive or reduce the plan review fees. All fees provided for in this proposal shall be collected by the Department and deposited in the Missouri Public Health Services Fund.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services
Office of State Treasurer
Secretary of State
Department of Social Services
Department of Mental Health



Mickey Wilson, CPA
Director
March 14, 2006